

# Community

## CONTRACT

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The county has contracted with Smith, a longtime Republican state legislator from Heppner, since 2011.

The likelihood that Smith won't remain as the county's economic developer is "just economics," Harvey said.

He said the situation is not related to a story by The Malheur Enterprise newspaper in Vale, which was published in the Baker City Herald on June 5 and examined Smith's multiple contracts to oversee economic development in other counties besides Baker, including Malheur and Harney.

Both Harvey, who was elected as commission chairman in 2014, and Nichols, who was elected in 2016, said they don't believe Smith's simultaneous holding of contracts for economic development in those counties constituted a conflict of interest, or that Smith's company failed to do the work for which it was hired.

"We just can't afford that position," Harvey said.

Baker County's lodging tax revenue dropped from \$625,000 in the 2016-17 fiscal year to \$538,129 in 2017-18. The majority of that money is paid by guests at lodging establishments in Baker City.

The county is projecting a further drop in the lodging tax revenue, to \$420,000, for the fiscal year that starts July 1.

Harvey described this as a "drastic reduction that has severely crippled our economic development abilities."

The plummeting lodging tax revenue is due in large part to reduced collections from the Sunridge Inn, the county's largest motel with about 150 rooms. The Sunridge has been undergoing renovations that have reduced the number of rooms available there.

In the 2014-15 fiscal year, guests at the Sunridge paid 42% of the lodging taxes collected in Baker County. The tax is 7% of the room rate.

Baker City Manager Fred Warner Jr., who is a member of the Economic Development Council, said that in the past about 75% to 80% of lodging tax revenue was paid by guests at businesses in Baker City.

Over the past year that has dropped to 55% to 60%, he said.

"Three of the largest lodgers in Baker City are down approximately 80% in tax revenue," Warner wrote in an email to former city councilor Gary Dielman, who had criticized the county's contract with Smith.

A county ordinance requires that 25% of lodging taxes are spent for economic development. The majority of the money — 70% — goes to tourism promotion, and the remaining 5% is for administrative expenses the county incurs in administering the tax.

The county in the past few years has transferred \$88,000 annually to the city for eco-



S. John Collins / Baker City Herald file photo

Oregon legislator Greg Smith joins high school students from around Eastern Oregon in April 2018 when the Joint Committee on Student Success visited Baker City.

*"We're isolated, and it's hard to get businesses to come into this county. We need somebody who has a lot of opportunities for contacts, and Greg Smith has those."*

— Bruce Nichols, Baker County commissioner

conomic development, but that amount will drop to \$45,000 for the fiscal year that starts July 1.

Harvey said he thinks the county should seek to hire a new economic development contractor, ideally within three months, at a lower rate than the current contract with Smith.

He said his goal is to avoid having both the city and county use lodging taxes to pursue the same goal of economic development.

"We just cannot financially afford that setup any more," he said.

Both Harvey and Nichols said they don't believe the county will have enough money, given the drop in lodging tax revenue, to continue to contract with Smith at the current annual rate of \$96,000.

Harvey said he doesn't think that's an excessive cost given Smith's accomplishments.

He cited as examples Smith's efforts to encourage the corporation that owns the Safeway and Albertson's grocery stores to reopen Albertson's in 2016. Baker City had only one grocery store — Safeway — for about six months in 2015 and 2016.

Harvey also noted the opening in 2018 of a third store, Grocery Outlet, and he credited Smith with assisting in the effort to attract the company.

"That's a huge success story," he said. Harvey said he doesn't believe that Smith's economic development contracts with multiple neighboring counties constitutes a conflict of interest.

For one thing, Harvey contends, no business is likely to be equally interested in all the counties, and he believes Smith "gave all his effort" on behalf of Baker County when a firm was interested in moving here.

Nichols said he agrees with Harvey that Smith's multiple county contracts did not create a conflict.

"He's got people working

for him, he's running a business," Nichols said. "I don't see anything wrong with that."

Nichols said Baker County has major challenges in trying to expand its economy.

"We're isolated, and it's hard to get businesses to come into this county," he said. "We need somebody who has a lot of opportunities for contacts, and Greg Smith has those contacts. He knows what's going on in all the counties."

Nichols concedes he has a certain ambivalence about the basic concept of the government spending public dollars for economic development — even when, as is the case here, the majority of those dollars are paid by visitors staying in lodging establishments rather than by county residents.

On one hand, Nichols said, economic developers can't be expected to "make someone want to move to Baker County." In addition, he believes the county and city already employ people who can assist prospective business owners with issues such as zoning regulations and availability of utilities.

Nichols said he has at times been troubled by government spending on economic development, and the difficulty in showing the return on that investment. It's not always possible, he said, to determine how much credit an economic developer deserves when, for instance, a new business opens or an existing one grows.

"There's a lot of money thrown at a problem that doesn't always show much in results," Nichols said.

But on the other hand, he believes county officials would be remiss if they failed to pursue an aggressive economic development strategy.

"You want to keep at it, or you'll miss opportunities," Nichols said. "It isn't a

simple equation."

The county's contract with Smith includes more than a dozen "deliverables" that he's required to achieve. These include aiding existing businesses, hosting training seminars, attending trade shows and otherwise trying to recruit new businesses, and supplying the county with quarterly reports showing the number of businesses and jobs created, retained or expanded.

(A copy of the complete contract is available on the Herald's website, www.bakercityherald.com.)

The third county commissioner, Mark Bennett, has been the most vocal critic of the county's contracting with Smith for economic development.

Bennett voted against renewing Smith's contract for the current fiscal year, although he said he supported the decision to do so because he respects the views of the county's Economic Development Council.

Bennett also told The Malheur Enterprise that Smith's dual roles of state lawmaker and economic development contractor is "entirely problematic."

But Bennett said Tuesday that he believes the county should have a role in economic development.

"In certain circumstances it's really necessary," he said.

However, Bennett said that based on his conversations with current local business owners, he thinks the county's focus should be on helping to create a workforce capable of filling jobs available now.

Recruiting new companies is challenging under any circumstances, he said, due in part to a more attractive business climate in Idaho. But if existing employers are struggling to find workers, then it's likely to be difficult to attract new businesses, he said.

## LOCAL BRIEFING

### 'Harry & the Hendersons' airing June 14

As a precursor to the Bigfoot Fest scheduled June 15 in Baker City, the Baker City Nazarene Church will be hosting a showing of the movie "Harry & the Hendersons" on Friday, June 14, at 6 p.m. in the Family Life Center, 1250 Hughes Lane.

Each child is invited to bring a decorated box car to sit in during the "drive-in" movie.

Concessions will be available with proceeds going to the Children's Ministry Programs of Baker City Nazarene.

More information is available by calling the church office at 541-523-3533.

### Men's retreat planned at Ruda Ranch

The second-annual Men's Retreat is scheduled for June 14-15 at the Ruda Ranch on West Campbell Loop near Baker City. The Rev. George Watkins of World Net Ministries will be the speaker.

Sign-in and dinner is set for Friday, June 15, at 5 p.m. Sessions continue through Saturday night. Meals are provided and beds are available. Cost is \$75. Sign up by calling 541-519-6261.

### Livestock Foundation offers scholarship

Applications are available for the Baker County Livestock Producers Foundation scholarship for the 2019-20 school year. Applicants must be residents of Baker County who are attending or have been accepted for a second year or higher at an accredited college or vocational school. Applicants also must be pursuing an agricultural-related course of study. Applications are available at the Extension Office, 2600 East St., and are due by July 15. More information is available by calling the Extension Office at 541-523-6418 or Kay Markgraf at 541-523-6019.

## NEWS OF RECORD

### FUNERALS PENDING

**Matt Doud:** Memorial service and celebration of Matt's life will take place Friday, June 21, at 1 p.m. at the Harvest Church, 3720 Birch St. in Baker City. Online condolences can be made at www.tamispinevalleyfuneralhome.com

### Gene Edward Norris:

Burial of his urn will take place Friday, June 28, at 2 p.m. at Mount Hope Cemetery, with military honors. A celebration of his life will follow at the Baker Eagles Club, 2935 H St. Memorial

contributions may be made to the Wounded Warrior Project through Driskill Memorial Chapel, 241 S. Canyon Blvd., John Day, OR 97845. To light a candle in Gene's memory, or to offer condolences to his family, go to www.driskillmemorialchapel.com

### Joe Adamson:

Celebration of Joe's life and memorial service, followed by a potluck, will take place Saturday, July 20, at 11 a.m. at the New Bridge Grange in Richland. Online condolences can be made at www.tamispinevalleyfuneralhome.com

## HEART TO HEART

### Farmers Market thriving at its new location

The Baker City Farmers Market would like to thank everyone for their support at Turnip the Beet, from the generous silent auction donations from D&B, Mad Habit, The Trailhead, No. 1911, Kicks Sportswear, Hearts & Petals Flower Shoppe, D&J Taco, Cody's General Store, Baker City Copy Ship and Mail. Also the fantastic musicians, Churchill Dancehall, Copper Belt & MC Taco Bus, Amy Young, Justin Kendall and all the others that helped out for their contributions and support. It was super successful!

We love our new downtown spot at the Court Avenue Plaza. Thank you to the city for working with us to find a more accessible location for our customers. We had our first market of 2019 this past Wednesday

and had double the number of vendors from last year, putting us on track to becoming a self-sustaining market. The most exciting part is we have a few new vendors coming this week and others scheduled to start in July, music planned for our event days and with the help of Crossroads Carnegie Art Center, a free kids activity tent.

So please come down and see what we have to offer (massage, fresh veggies, berries, face-painting, soap, local honey, skin care, crafts) every Wednesday from 3 p.m. to 6:30 p.m. until Oct. 23. Also, today's market (June 12) we have strawberry-rhubarb soda to sample, and fresh rhubarb while it lasts.

Kim Luckini  
Baker City



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541-523-5223

## Learn about meteorites

Meteorite scientist Dick Pugh will visit the Baker County Library Thursday to display meteorites and talk about how they end up on Earth. The presentation will start at 6 p.m. in the Riverside Meeting Room at the library, 2400 Resort St.

Pugh will have samples of meteorites to display, and he will also examine any rocks that people bring to see if they're of extraterrestrial origin.

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